

SENS ANNOUNCEMENT

(the "Notice" or "Announcement")

ISSUER



NATIONAL BREWERIES PLC

NATIONAL BREWERIES PLC ("NATBREW")
[Incorporated in the Republic of Zambia]

Company registration number: 4999
Share Code: NATBREW
ISIN: ZM0000000086
Authorized by: Vongai Chiwaridzo – Company Secretary

SPONSOR



STOCKBROKERS ZAMBIA LIMITED

Stockbrokers Zambia Limited
[Founder Member of the Lusaka Securities Exchange]
[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price-sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

ISSUED: 07 June 2022



NATIONAL BREWERIES PLC

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[Incorporated in the Republic of Zambia]
Company registration number: 4999
Share Code: NATBREW
ISIN: ZM0000000086
("Natbrew" or "the Company")

ANNUAL FINANCIAL RESULTS

The Directors of National Breweries PLC ("Natbrew") present the audited financial results for the year ended 31st March 2022.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31st March 2022

	Year-Ended 31st March 2022 K'000	Year-Ended 31st March 2021 K'000 <i>Restated*</i>
Total products volumes sold (HL'000)	683,223	815,892
Revenue	231,654	280,942
Loss before interest and tax	(88,211)	(168,247)
Net Finance income/charges	(32,071)	(18,802)
Loss before tax	(120,282)	(187,049)
Taxation	(9)	(6,277)
Total comprehensive loss	(120,291)	(193,326)
Basic and diluted loss per share (Kwacha)	(1.91)	(3.07)

STATEMENT OF FINANCIAL POSITION

As at 31st March 2022

	As at 31st March 2022	As at 31st March 2021
	K'000	K'000
ASSETS		
Non-current assets		
Property, plant and equipment	182,127	185,524
Intangible assets	379	860
	<u>182,506</u>	<u>186,384</u>
Current assets		
Inventories	20,448	14,872
Trade and other receivables	9,993	7,197
Current tax asset	108	4,088
Amounts due from a related party	3,729	1,642
Cash and cash equivalents	3,519	2,028
Total Current Assets	<u>37,797</u>	<u>29,827</u>
Total assets	<u>220,303</u>	<u>216,211</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	630	630
Deficit in Reserves	(307,088)	(186,797)
Total equity	<u>(306,458)</u>	<u>(186,167)</u>
Non-current liabilities		
Long term borrowings	17,696	32,667
	<u>17,696</u>	<u>32,667</u>
Current liabilities		
Provisions	60,068	34,556
Short term borrowings	33,651	57,301
Trade and other payables	34,931	86,087
Amounts due to related parties	380,415	191,767
	<u>509,065</u>	<u>369,711</u>
Total liabilities	<u>526,761</u>	<u>402,378</u>
Total Equity and liabilities	<u>220,303</u>	<u>216,211</u>

STATEMENT OF CASH FLOWS

for the year ended 31st March 2022

	Year-Ended 31st March 2022 K'000	Year-Ended 31st March 2021 K'000 <i>Restated*</i>
Cash utilised in operating activities	(43,777)	14,824
Decrease in working capital	(37,198)	20,142
Finance Income/(Expenses)	(30,301)	(21,067)
Net cash flow from operating activities	(111,276)	13,899
Cash utilised in investing activities		
Purchase of property, plant & equipment to maintain operations	(11,667)	(3,035)
Net cash utilised in investing activities	(11,667)	(3,035)
Net cash flows utilised in financing activities		
Increase in borrowings from related parties	168,717	37,498
Increase in short term borrowings	-	49,000
(Decrease) in long term borrowings - Non Group	(38,621)	(24,464)
Net cash flows utilised in financing activities	130,096	62,034
Movement in cash and cash equivalents		
Increase in cash and cash equivalents	7,153	72,898
Cash and cash equivalents at the beginning of the year	2,028	(43,207)
Effect of foreign exchange rate changes	(5,662)	(27,663)
Cash and cash equivalents at the end of the year	3,519	2,028

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2022

Kwacha'000	Share Capital	Retained earnings	Total
Balance at 30 September 2020	630	(70,420)	(69,790)
Total comprehensive loss for October 2020 to March 2021	-	(116,377)	(116,377)
Balance at 31 March 2021	630	(186,797)	(186,167)
Total comprehensive loss for the 6 months ended 30 September 2021	-	(12,520)	(12,520)
Balance at 30 September 2021	630	(199,317)	(198,687)
Total comprehensive loss for October 2021 to March 2022	-	(107,771)	(107,771)
Balance at 31 March 2022	630	(307,088)	(306,458)

COMMENTARY FOR THE YEAR ENDED 31 MARCH 2022

Overview

The company offered a full range of affordable and aspirational packs during the year. The return to draught operations and the re-introduction of the 1.5L returnable bottle offered consumers a much wider choice among our affordable products. At the same time the company aimed to improve the availability of these packs by driving a penetration strategy aimed at increasing product presence and visibility in all markets. In the last quarter of the financial year, the business also started exports of Chibuku Super into Zimbabwe. The full benefits of these strategies are expected to accrue in the next financial year and beyond when financial performance and cash flows are expected to improve.

Volume performance in the current year was affected by the decline of informal exports of Chibuku Super, the increase in excise and general product prices and Covid-19 restrictions which affected product availability in the market. Overall volumes declined 16% compared to the previous year while revenues ended 18% lower. Margins were under pressure from the increased raw material prices in the second half of the year. In addition, the margins were further depressed by distribution costs which peaked in the last quarter because of the increase in fuel costs. The strengthening Kwacha resulted in an exchange gain of K45m on revaluation of foreign currency liabilities.

Consequently, the company posted a year-end operating loss of K88m versus K168m for the prior year. Net financing costs increased by 70% largely due to the interest incurred on intercompany borrowings. The company posted a loss after tax of K120m and loss per share of K1.91 versus K193m and K3.05 for the prior year.

Corporate Governance

National Breweries Plc. remains committed to regulatory compliance with a strict corporate governance culture. The company achieved nil breaches of corporate governance and anti-bribery codes in the financial year under review.

Prospects

The company continues to intensify efforts to drive volume growth by offering quality and competitively priced products to its consumers. The current efforts to improve product availability by focusing on outlet penetration are expected to yield volume growth in the immediate term. Increased exports into Zimbabwe will also contribute to volume growth while earning the company valuable foreign currency to fund working capital requirements.

By Order of the Board

Vongai Chiwaridzo
Company Secretary

Issued in Lusaka, Zambia on 07 June 2022

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Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia.

First Issued on 07 June 2022